

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

ASBESTOS WORKERS PHILADELPHIA  
WELFARE AND PENSION FUND, on behalf  
of itself and all others similarly situated,

Plaintiff,

V.

AMAZON.COM, INC., ANDREW R. JASSY,  
BRIAN T. OLSAVSKY, and DAVID  
FILDES,

## Defendants.

No. \_\_\_\_\_

## **COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS**

**CLASS ACTION**

## JURY DEMAND

1 Plaintiff Asbestos Workers Philadelphia Welfare and Pension Fund (“Plaintiff”), by and  
 2 through its counsel, alleges the following upon information and belief, except as to those  
 3 allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s  
 4 information and belief are based upon, *inter alia*, counsel’s investigation, which included review  
 5 and analysis of: (i) regulatory filings made by Amazon.com, Inc. (“Amazon” or the “Company”)  
 6 with the United States Securities and Exchange Commission (“SEC”); (ii) press releases,  
 7 presentations, and media reports issued by and disseminated by the Company; (iii) analyst and  
 8 media reports concerning Amazon; and (iv) other public information regarding the Company.

9 **I. INTRODUCTION**

10 1. This securities class action is brought on behalf of all persons or entities that  
 11 purchased or otherwise acquired shares of Amazon common stock between July 30, 2021, and  
 12 April 28, 2022, inclusive (the “Class Period”). The claims asserted herein are alleged against  
 13 Amazon and certain of the Company’s senior executives (collectively, “Defendants”), and arise  
 14 under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and  
 15 Rule 10b-5, promulgated thereunder.

16 2. Headquartered in Seattle, Washington, Amazon is a global technology company  
 17 with multiple business lines, including its prominent online e-commerce business. This matter  
 18 arises from Defendants’ material misrepresentations and omissions regarding Amazon’s over-  
 19 expansion of the infrastructure and fulfillment network for its e-commerce business.

20 3. Beginning before the Class Period, and prior to the onset of the COVID pandemic  
 21 in early 2020, a key priority for Amazon was increasing its ability to provide its e-commerce  
 22 customers with shortened delivery times, including same-day delivery. To meet that goal,  
 23 Amazon invested significant capital to aggressively expand its infrastructure and fulfillment  
 24 networks.

25 4. When the COVID pandemic (and related lockdowns and other restrictions) hit in  
 26 early 2020, consumer demand for goods purchased through Amazon’s e-commerce business  
 27 skyrocketed. To meet that increased demand, Amazon continued expanding its infrastructure

1 and fulfillment network capacity. Indeed, between the end of 2019 and the end of 2021, Amazon  
 2 more than doubled its warehouse, distribution, and data center space, expanding from 192  
 3 million square feet to 387.1 million square feet over that time.

4       5. Throughout the Class Period, Defendants repeatedly and consistently told  
 5 investors that the Company's investments in expanding infrastructure and fulfillment network  
 6 capacity were sound and appropriate decisions for the long term. For example, after the market  
 7 closed on July 29, 2021, Defendant Olsavsky, Amazon's Chief Financial Officer, represented to  
 8 investors that "a significant amount of investment in our fulfillment network," "at a rapid rate,"  
 9 was needed in order to meet "strong multiyear demand." Olsavsky assured investors that "we  
 10 have a lot of growth to do here," which is why the Company was "moving as quickly as  
 11 possible." On October 28, 2021, Defendant Jassy, the Company's President and Chief Executive  
 12 Officer, similarly told investors that "we've nearly doubled the size of our fulfillment network  
 13 since the pandemic began." That same day, Olsavsky represented that the Company's  
 14 infrastructure and fulfillment investments were driven not just by recent increased demand  
 15 related to the pandemic, but also "the long-term trends," as "the fundamentals of our retail  
 16 business are strong," "[w]e feel good about where we are," and "[w]e're continuing to build  
 17 capacity" to meet customer demand.

18       6. These and similar statements made throughout the Class Period were false. In  
 19 reality, the Defendants knew or recklessly disregarded that the Company's infrastructure and  
 20 fulfillment network investments substantially outpaced demand, and that those investments were  
 21 a massive, self-imposed, undue drain on Amazon's financial condition. Indeed, contrary to  
 22 Defendants' public statements during the Class Period and as later confirmed by the *Wall Street*  
 23 *Journal*, by July 2021, Defendants had already implemented cutbacks to Amazon's fulfillment  
 24 capacity without disclosing that critical information to investors.

25       7. The truth emerged on April 28, 2022, when Amazon reported a \$3.8 billion net  
 26 quarterly loss—its first reported net quarterly loss since 2015. After months of falsely  
 27 representing that Amazon's expansion of its e-commerce fulfillment network and infrastructure

1 was necessary and appropriate to meet both short-term and long-term customer demand,  
 2 Defendants disclosed that day that Amazon was “no longer chasing physical or staffing  
 3 capacity.” Defendants disclosed \$6 billion of “incremental costs,” including \$2 billion due to  
 4 “overcapacity” in Amazon’s “fulfillment and transportation network.” Defendants further  
 5 disclosed that they “expect[ed] the impacts of this . . . to persist for the next several quarters as  
 6 we grow into this capacity.” On this news, the price of Amazon stock fell \$406.30 per share, or  
 7 more than 14%, from a close of \$2,891.93 per share on April 28, 2022, to close at \$2,485.63 per  
 8 share on April 29, 2022.

9 **II. JURISDICTION AND VENUE**

10 8. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange  
 11 Act (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder (17 C.F.R. §  
 12 240.10b-5). This Court has jurisdiction over the subject matter of this action pursuant to 28  
 13 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

14 9. Venue is proper in this District pursuant to Section 27 of the Exchange Act (15  
 15 U.S.C. § 78aa), and 28 U.S.C. § 1391(b). Amazon maintains its headquarters in Seattle,  
 16 Washington, which is situated in this District, conducts substantial business in this District, and  
 17 many of the acts and conduct that constitute the violations of law complained of herein,  
 18 including dissemination to the public of materially false and misleading information, occurred in  
 19 and/or were issued from this District. In connection with the acts alleged in this Complaint,  
 20 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,  
 21 including, but not limited to, the mails, interstate telephone communications, and the facilities of  
 22 the national securities markets.

23 **III. PARTIES**

24 10. Plaintiff is a multi-employer defined benefit union pension fund based in  
 25 Philadelphia, Pennsylvania. As indicated in the certification submitted herewith, Plaintiff  
 26 purchased shares of Amazon common stock at artificially inflated prices during the Class Period  
 27 and suffered damages as a result of the violations of the federal securities laws alleged herein.

1       11. Defendant Amazon is a global technology company with multiple business lines,  
 2 including e-commerce services and distribution, website development and hosting, inventory and  
 3 supply chain management, and fulfillment and logistics. Incorporated in Delaware, Amazon  
 4 maintains its corporate headquarters in Seattle, Washington. Amazon common stock trades on  
 5 NASDAQ, under the ticker symbol “AMZN.” As of April 20, 2022, Amazon had over 508  
 6 million shares of common stock outstanding, owned by at least hundreds or thousands of  
 7 investors.<sup>1</sup>

8       12. Defendant Andrew R. Jassy (“Jassy”) has served as President, Chief Executive  
 9 Officer, and a director of Amazon since July 5, 2021.

10      13. Defendant Brian T. Olsavsky (“Olsavsky”) has served as Senior Vice President  
 11 and Chief Financial Officer of Amazon since June 2015.

12      14. Defendant David Fildes (“Fildes”) has served as Head of Investor Relations of  
 13 Amazon since June 2017.

14      15. Defendants Jassy, Olsavsky, and Fildes are collectively referred to hereinafter as  
 15 the “Individual Defendants.” The Individual Defendants, because of their positions with  
 16 Amazon, possessed the power and authority to control the contents of the Company’s reports to  
 17 the SEC, press releases, and presentations to securities analysts, money and portfolio managers,  
 18 and institutional investors. Each of the Individual Defendants was provided with copies of the  
 19 Company’s reports, presentations, and press releases alleged herein to be misleading prior to, or  
 20 shortly after, their issuance and had the ability and opportunity to prevent the issuance of the  
 21 materially false and misleading representations and omissions alleged herein, or cause them to be  
 22 corrected. Because of their positions and access to material non-public information available to

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23      1   On June 6, 2022, a previously announced split of Amazon common stock took effect. Pursuant  
 24 to the stock split, each outstanding share of Amazon common stock was divided into 20 shares.  
 25 Throughout this Complaint, references to the market price of Amazon common stock and to the  
 26 number of shares outstanding reflect the (pre-split) numbers and values at the time. Currently,  
 27 Amazon has more than 10.1 billion shares of common stock outstanding. The share prices  
 28 referenced in Paragraphs 7 and 40 accurately state the stock’s market prices at the time, however  
 many sources for stock prices are “split adjusted” and accordingly show those prices as if the  
 split had already happened—*i.e.*, one-twentieth of the actual then-current price.

1 them, each of the Individual Defendants knew that the adverse facts specified herein had not  
 2 been disclosed to, and were being concealed from, the public, and that the positive  
 3 representations that were being made were then materially false and/or misleading.

4 **IV. BACKGROUND**

5 16. Headquartered in Seattle, Washington, Amazon is a global technology company  
 6 with multiple business lines including, among others, e-commerce services and distribution,  
 7 website development and hosting, inventory and supply chain management, and fulfillment and  
 8 logistics.

9 17. Prior to the onset of the COVID pandemic in early 2020, Amazon was focused on  
 10 increasing its ability to deliver goods ordered through its e-commerce site on the same day the  
 11 goods were ordered, or in other similarly short delivery windows. To meet that goal, Amazon  
 12 invested massive amounts of capital in order to aggressively expand the infrastructure and  
 13 fulfillment networks that would ostensibly enable the Company to meet customer demand for  
 14 shorter delivery times.

15 18. When the COVID pandemic struck in early 2020, bringing with it lockdowns and  
 16 other restrictions that limited shoppers' ability and willingness to shop in physical stores,  
 17 consumer demand for goods purchased through Amazon's e-commerce business skyrocketed. In  
 18 order to meet that increased demand, Amazon continued to focus on increasing its infrastructure  
 19 and fulfillment network capacity. Indeed, between the end of 2019 and the end of 2021, Amazon  
 20 more than doubled its warehouse, distribution, and data center space, expanding from 192  
 21 million square feet to 387.1 million square feet over that time.

22 19. By no later than July 2021, when the Class Period begins, it was clear to  
 23 Defendants that Amazon's warehouse and fulfillment center capacity exceeded demand. In  
 24 response, as would be reported almost a year later in the *Wall Street Journal*, Defendants made  
 25 the first of what would become a series of intensifying cutbacks to Amazon's fulfillment  
 26 capacity. *See* Dana Mattioli, *Amazon CEO Andy Jassy's First Year on the Job: Undoing Bezos-Led Overexpansion*, WALL ST. J. (June 16, 2022) ("6/16/22 WSJ Article"). Despite their  
 27  
 28

1 knowledge that warehouse and fulfillment center capacity exceeded demand, necessitating  
 2 significant cutbacks, Defendants concealed those cutbacks from the public investment  
 3 community while at the same time assuring investors that the expansion plan remained on track  
 4 and necessary.

5 **V. DEFENDANTS' MATERIALLY FALSE AND MISLEADING**  
**STATEMENTS CAUSE SUBSTANTIAL LOSSES TO INVESTORS**

7 20. The Class Period begins on July 30, 2021, the first trading day after Amazon held  
 8 its second-quarter 2021 earnings conference call, which took place after the market closed on  
 9 July 29, 2021. Defendants Olsavsky and Fildes participated in the call on the Company's behalf.

10 21. During the second-quarter 2021 earnings call, Defendant Olsavsky represented to  
 11 investors that, although "people were at home less as [COVID-related] restrictions and  
 12 lockdowns eased in some of our largest geographies" during second-quarter 2021, which  
 13 contributed to declines in Amazon's year-over-year revenue growth, the Company's aggressive  
 14 expansion strategy was sound. Olsavsky stated on the call that "[a]s we think about the pull-  
 15 forward in demand we've seen these past 18 months, it has required and will continue to require  
 16 a significant amount of investment in our fulfillment network. Our teams have done a  
 17 remarkable job stepping up to serve customers and support our vendors and sellers, and we have  
 18 worked hard to increase capacity at a rapid rate."

19 22. On the second-quarter 2021 earnings conference call, in response to an analyst's  
 20 question regarding fulfillment costs, Olsavsky further stated, "I would say on the fulfillment side,  
 21 there are a number of things. First, we're adding a lot of capacity. . . . [T]here has been very  
 22 strong multiyear demand here that we are still catching up with from last year. . . . So we are  
 23 continuing to add, and most of that development is really ahead of us in the second half of the  
 24 year. . . . [W]e've literally nearly doubled our network here in the last 18 months from a size  
 25 standpoint."

26 23. In response to another analyst's question regarding "growth assumptions for e-  
 27 commerce," Olsavsky stressed that "[w]e've been playing catch-up pretty much since the

1 pandemic started, but what suffered is space and space constraints. And it's gotten better, but it  
 2 was a factor last year. . . . [I]n the United States, while it's improving, it still hasn't reached the  
 3 pre-pandemic levels. So we have a lot of growth to do there." Olsavsky later added that  
 4 Amazon's "space planning" was "why we're building out our network so quickly in our minds.  
 5 It's hard to do quickly, but we're moving as quickly as possible. And again, we have a lot of new  
 6 capacity being added in the second half of the year."

7 24. As reported in the 6/16/22 WSJ Article, in September 2021, Defendants again  
 8 made cutbacks to Amazon's fulfillment capacity, without disclosing those cutbacks to investors.

9 25. On October 28, 2021, Amazon issued a press release, which it also filed with the  
 10 SEC on Form 8-K, announcing its financial results for third-quarter 2021. The release, which  
 11 was signed by Defendant Olsavsky, quoted Defendant Jassy as stating that increased demand  
 12 related to the COVID pandemic had "driven extraordinary investments across our businesses to  
 13 satisfy customer needs—just one example is that we've nearly doubled the size of our fulfillment  
 14 network since the pandemic began. . . . It'll be expensive for us in the short term, but it's the  
 15 right prioritization for our customers and partners."

16 26. Also on October 28, 2021, the Company held its third-quarter 2021 earnings  
 17 conference call. Defendants Olsavsky and Fildes participated in the call on the Company's  
 18 behalf. During the call, Olsavsky stated that "[w]e have nearly doubled our operations capacity  
 19 in the past two years to keep up with customer demand," and assured investors that the costs of  
 20 that increased capacity were still warranted. Olsavsky stated:

21 Last quarter we discussed the physical capacity we were adding to  
 22 meet customer demand. We made strong progress in Q3 to build  
 23 and open new facilities and as a result for the first time since the  
 24 pandemic began, we are no longer capacity constrained for  
 25 physical space in the network. September alone we brought online  
 26 more than 100 new buildings in the United States including  
 27 fulfillment centers, sort centers, and last mile delivery stations.  
 28 For the year, we expect our 2021 footprint additions to exceed last  
 year's build-out, which was also significant.

Put this in perspective, we are on track to double our fulfillment  
 network over the two-year period since the pandemic's early days.

1       27. On the third-quarter 2021 earnings call, Olsavsky assured investors that  
 2 Amazon's expansion plans were proceeding apace and remained necessary to satisfy demand.  
 3 An analyst asked whether, regarding "fulfillment capacity," Amazon could "be ahead of plan for  
 4 next year and kind of cut down the investment there?" Olsavsky responded, "while we've been  
 5 chasing really demand for the last two years, we've been doing it—as I said, we're running at  
 6 about 100% pretty much all of last year. We are just now getting caught up on space for  
 7 inventory. . . . But we expect the long-term trends to be strong in this business. We're investing  
 8 as such."

9       28. During the same call, an analyst asked, "can you just talk to us big picture about  
 10 any changes or factors that have changed the company's view about the long-term profitability,  
 11 the long-term return on invested capital of the retail business now as opposed to at the end of  
 12 2019?" Defendant Fildes responded:

13       So when you look at retail, it's certainly expensive right now,  
 14 especially with the cost I've laid out in Q3 and Q4 for us to service  
 15 that business. . . . We want to make sure that we're understanding  
 16 where our costs and where our profits happen to be. . . . I get to see  
 17 investments in warehouses, trucking programs, new offerings that  
 18 we do, new country expansion. We . . . make sure that not only are  
 19 we delighting customers but we're delighting shareholders in the  
 20 long-term.

21       So we feel good about that.

22       29. Also on the third-quarter 2021 earnings call, an analyst asked whether Amazon's  
 23 efforts to increase same-day deliveries to customers "leverage[d] kind of your existing  
 24 fulfillment center footprint." Olsavsky responded that "we're well on our way to providing  
 25 ultrafast delivery for things that require ultrafast or things like groceries and others, and we see  
 26 that expanding. . . . you have to have a cost structure and a logistics network that will pay for the  
 27 delivery over time. So we see it as part of an offering that we offer to customers that ranges  
 28 from two days to one day to two hours or one hour in some cases. So we like to meet customers  
 where they are, when they need things, and we're working on speed consistently."

1       30.    As reported in the 6/16/22 WSJ Article, in December 2021, Defendants again  
 2 made cutbacks to Amazon's fulfillment capacity, without disclosing those cutbacks to investors.

3       31.    On February 3, 2022, Amazon issued a press release, which it also filed with the  
 4 SEC on Form 8-K, announcing its financial results for fourth-quarter 2021. The release, which  
 5 was signed by Defendant Olsavsky, quoted Defendant Jassy as stating that "we continue to feel  
 6 optimistic and excited about the business as we emerge from the pandemic. When you combine  
 7 how we're staffing and scaling our fulfillment network to bring even faster delivery to more  
 8 customers, . . . there's a lot to look forward to in the months and years ahead."

9       32.    Also on February 3, 2022, the Company held its fourth-quarter 2021 earnings  
 10 conference call. Defendants Olsavsky and Fildes participated in the call on the Company's  
 11 behalf. During the call, Olsavsky stated:

12           Despite lapping 2020's extraordinary sales growth, we continued  
 13 to see an increase in customer demand and sales during the  
 14 remainder of 2021, even as the economy opened back up. . . . We  
 15 have invested significantly to keep pace with this demand,  
 16 including nearly doubling our operations capacity in the past two  
 17 years, expanding our fulfillment center footprint while adding  
 18 significant transportation assets to ensure fast on-time delivery. . . .  
 19 [T]he fundamentals of our retail business are strong, and we are  
 20 optimistic about a number of growth businesses and a strong  
 21 innovation pipeline.

22       33.    On the fourth-quarter 2021 earnings call, in response to an analyst's question  
 23 about Amazon's investments to expand the Company's same-day delivery capacity, Olsavsky  
 24 assured investors that "[w]e feel good about where we are. We're continuing to build capacity  
 25 that enables us to hit those [same-day delivery] cutoffs. . . . [A]s we've mentioned, we've  
 26 doubled the capacity in the network over the last two years. That is not all just to handle today's  
 27 volume. It's also to handle getting closer to the customer and being able to ship faster. So, we  
 28 like where we stand. . . . We like the progress we've been making lately, but we think the future  
 29 is bright on that dimension." Olsavsky further represented that "there's a lot of expansion that's  
 30 been going on in the network, and we feel good about the basic contributors of profitability."

1       34. On the fourth-quarter 2021 earnings call, another analyst asked, “Brian  
 2 [Olsavsky], you doubled your fulfillment network and also your head count over the past two  
 3 years. I believe you’re about 2.5 years into this investment cycle. Where is Amazon in terms of  
 4 emerging from this investment cycle? Can you see a slowdown in that big investment spending  
 5 this year?” In response, Olsavsky discussed the Company’s capital expenditures, noting that  
 6 “just under 40% of that CapEx is going into infrastructure,” and

7           [a]bout just under 30% is fulfillment capacity, building  
 8 warehouses, warehouse only, not transportation. And then just  
 9 under 25% is transportation capacity and building out our AMZL  
 network principally globally. . . . [T]hose are the three main areas.

10          If I look to the future, we’re still working through some of our  
 11 plans for 2022, but it’s coming into focus a bit. We see CapEx for  
 12 infrastructure going up. We still have a very fast-growing business  
 13 that’s growing globally, and we’re adding regions and capacity to  
 handle usage that still exceeds revenue growth in that business. So  
 we feel good about making those investments.

14          On the fulfillment center side, that’s about 30% of the spend in the  
 15 last two years. We see that moderating, and that will probably now  
 match growth of our underlying businesses.

16       35. On April 14, 2022, the Company issued a Letter to Shareholders from Defendant  
 17 Jassy, which accompanied Amazon’s Annual Report for the year ended December 31, 2021, and  
 18 was filed with the SEC on Form 8-K. In the Letter to Shareholders, Defendant Jassy discussed  
 19 increased demand and related growth that Amazon attributed to the COVID pandemic. Jassy  
 20 wrote:

21           This growth also created short-term logistics and cost challenges.  
 22 We spent Amazon’s first 25 years building a very large fulfillment  
 23 network, and then had to double it in the last 24 months to meet  
 customer demand. . . .

24          Ironically, just before COVID started, we’d made the decision to  
 25 invest billions of incremental dollars over several years to deliver  
 an increasing number of Prime shipments in one day. This  
 26 initiative was slowed by the challenges of the pandemic, but we’ve  
 since resumed our focus here. . . . [W]e believe our over 200  
 27 million Prime customers, who will tell you very clearly that faster  
 innovation is never finished and has periodic peaks in investment

1 years, but leads to better long-term customer experiences, customer  
 2 loyalty, and returns for our shareholders.

3 36. The statements set forth above in Paragraphs 21-23, 25-29, and 31-35 were  
 4 materially false and misleading, and omitted information necessary to make the statements not  
 5 materially false and misleading. Specifically, Defendants willfully or recklessly made and/or  
 6 caused the Company to make false and misleading statements that failed to disclose that, rather  
 7 than necessary to meet short-term and long-term customer demand, Amazon's rapid expansion  
 8 resulted in substantial overcapacity that drove massive losses and would substantially deplete the  
 9 Company's earnings moving forward. Indeed, by July 2021 and continuing throughout the Class  
 10 Period, Amazon's capacity growth far outpaced demand and, in response, Defendants made a  
 11 series of intensifying cutbacks to warehouse and fulfillment capacity, without disclosure to  
 12 investors. As a result of the foregoing, Defendants' positive statements about Amazon's  
 13 business, operations, and prospects were materially false and misleading, and lacked a  
 14 reasonable basis.

15 **VI. THE TRUTH EMERGES**

16 37. On April 28, 2022, Amazon announced its financial results for first-quarter 2022.  
 17 The Company reported a \$3.8 billion net loss, which was its first quarterly loss since 2015. In  
 18 the Company's April 28, 2022 earnings release, filed with the SEC on Form 8-K, Defendant  
 19 Jassy admitted that Amazon was "no longer chasing physical or staffing capacity," which "may  
 20 take some time." On the Company's first-quarter 2022 earnings conference call with analysts  
 21 that day, Defendant Olsavsky disclosed \$6 billion of "incremental costs," including \$4 billion of  
 22 costs that "we consider to be more within our control and are working to reduce. These  
 23 additional costs correspond to the state of the labor force and fulfillment network."

24 38. Regarding labor, Olsavsky stated that "we've quickly transitioned from being  
 25 understaffed to being overstaffed, resulting in lower productivity. This lower productivity added  
 26 approximately \$2 billion in cost compared to last year." Regarding the fulfillment network,  
 27 Olsavsky admitted:

[W]e currently have excess capacity in our fulfillment and transportation network. . . . [W]e made conscious decisions in 2020 and early 2021 to not let space be a constraint on our business. During the pandemic, we were facing not only unprecedented demand but also extended lead times on new capacity, and we've built towards the high end of a very volatile demand outlook. . . . We estimate that this overcapacity, coupled with the extraordinary leverage we saw in Q1 of last year resulted in \$2 billion of additional costs year over year in Q1. We do expect the impacts of this fixed cost leverage to persist for the next several quarters as we grow into this capacity.

When combining the impacts of the externally driven costs and the internally controllable costs, we get approximately \$6 billion in incremental costs for the quarter. Approximately two-thirds of these costs are within our control. And with demand normalizing, we remain focused on rightsizing our cost structure and driving out any cost inefficiencies. Our guidance includes an expectation that we will incur approximately \$4 billion of these incremental costs in Q2.

39. Olsavsky further admitted on the first-quarter 2022 earnings call that “[i]n the consumer business . . . we currently have some excess capacity in the network that we need to grow into, so we have brought down our build expectations. . . . [W]e expect fulfillment dollars spent on capital projects to be lower in 2022 versus the prior year. We also expect transportation[] dollars spent on capital projects to be flat to slightly down.”

40. The Company’s April 28, 2022, disclosures concerning the large present and future negative impact of Amazon’s fulfillment network and infrastructure spending caused a precipitous decline in the market price of Amazon common stock. Specifically, in response to those disclosures, Amazon common stock declined from a closing price of \$2,891.93 per share on April 28, 2022 to a closing price of \$2,485.63 per share on April 29, 2022, a decline of \$406.30 per share, or 14.05%.

41. Post-Class Period reporting has confirmed that, when they made their misrepresentations concerning Amazon’s expansion and fulfillment capacity, Defendants had already instituted significant cutbacks. As reported in the 6/16/22 WSJ Article, under Defendant

1 Jassy's leadership and direction, those cutbacks occurred in at least July, September, and  
 2 December 2021.

3       42. Technology industry news site *The Information* similarly reported on May 24,  
 4 2022 that Amazon had "reversed course on an aggressive build-out," and beginning in March  
 5 2022, Amazon "canceled plans for nearly 10 million square feet of warehouse space, shelving  
 6 plans for more than a dozen fulfillment centers and delivery facilities around the U.S. as the  
 7 company wrestles with a costly space glut on the heels of the pandemic." Paris Martineau,  
 8 *Amazon Quietly Axed Millions of Square Feet of Warehouse Space*, THE INFORMATION (May 24,  
 9 2022), *available at* <https://www.theinformation.com/articles/amazon-quietly-axed-millions-of-square-feet-of-warehouse-space>.

11       43. The canceled facilities included both "the cavernous (sometimes robotics-  
 12 enabled) warehouses known as fulfillment centers, where workers pack customer orders before  
 13 they are transported to shipping centers," and "smaller shipping hubs known as delivery stations,  
 14 which operate like local post offices dedicated exclusively to Amazon packages . . . that reflect  
 15 the internet retailer's growing fixation on shipping speeds." *Id.* Fulfillment center cutbacks  
 16 included canceling warehouses measuring roughly 1 million square feet each in states including  
 17 New Hampshire, Texas, and Wisconsin—which had not yet opened or been finally approved by  
 18 local authorities—and in California and Illinois, which were already built and have since been  
 19 listed by Amazon for sublease. *Id.* Canceled delivery stations included stations in California,  
 20 Connecticut, and North Carolina, which were not yet open, and two planned stations in the San  
 21 Francisco Bay Area, which Amazon closed and subleased in April 2022. *Id.* Amazon is also  
 22 reportedly looking to sublease a former Cadillac dealership in Manhattan, which it rented in  
 23 early 2021 and subsequently closed. *Id.*

24       44. As a result of Defendants' wrongful acts and omissions, and the precipitous  
 25 decline in the market value of the Company's common stock, Plaintiff and other Class members  
 26 have suffered significant losses and damages.

1 **VII. LOSS CAUSATION**

2 45. During the Class Period, as detailed herein, Defendants made materially false and  
 3 misleading statements and omissions, and engaged in a scheme to deceive the market. This  
 4 artificially inflated the price of Amazon common stock and operated as a fraud or deceit on the  
 5 Class (as defined below). Later, when Defendants' prior misrepresentations and fraudulent  
 6 conduct were disclosed to the market, the price of Amazon common stock fell precipitously as  
 7 the prior artificial inflation came out of the price. As a result of their purchases of Amazon  
 8 common stock during the Class Period, Plaintiff and other members of the Class suffered  
 9 economic loss, *i.e.*, damages, under the federal securities laws.

10 **VIII. CLASS ACTION ALLEGATIONS**

11 46. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal  
 12 Rules of Civil Procedure on behalf of all persons or entities that purchased or otherwise acquired  
 13 the publicly traded common stock of Amazon during the Class Period (the "Class"). Excluded  
 14 from the Class are Defendants, their agents, directors and officers of Amazon, and their families  
 15 and affiliates.

16 47. The members of the Class are so numerous that joinder of all members is  
 17 impracticable. The disposition of their claims in a class action will provide substantial benefits  
 18 to the parties and the Court. As of April 20, 2022, there were over 508 million shares of Amazon  
 19 common stock outstanding, owned by at least hundreds or thousands of investors.

20 48. There is a well-defined community of interest in the questions of law and fact  
 21 involved in this case. Questions of law and fact common to the members of the Class that  
 22 predominate over questions that may affect individual Class members include:

23 (a) Whether Defendants violated the Exchange Act;  
 24 (b) Whether Defendants omitted and/or misrepresented material facts;  
 25 (c) Whether Defendants' statements omitted material facts necessary in order  
 26 to make the statements made, in light of the circumstances under which  
 27 they were made, not misleading;

- 1 (d) Whether the Individual Defendants are personally liable for the alleged  
2 misrepresentations and omissions described herein;
- 3 (e) Whether Defendants knew or recklessly disregarded that their statements  
4 and/or omissions were false and misleading;
- 5 (f) Whether Defendants' conduct impacted the price of Amazon common  
6 stock;
- 7 (g) Whether Defendants' conduct caused the members of the Class to sustain  
8 damages; and
- 9 (h) The extent of damage sustained by Class members and the appropriate  
10 measure of damages.

11 49. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class  
12 sustained damages from Defendants' wrongful conduct.

13 50. Plaintiff will adequately protect the interests of the Class and has retained counsel  
14 experienced in class action securities litigation. Plaintiff has no interests that conflict with those  
15 of the Class.

16 51. A class action is superior to other available methods for the fair and efficient  
17 adjudication of this controversy. Joinder of all Class members is impracticable.

#### 18 **IX. INAPPLICABILITY OF STATUTORY SAFE HARBOR**

19 52. Amazon's "Safe Harbor" warnings accompanying its forward-looking statements  
20 issued during the Class Period were ineffective to shield those statements from liability.

21 53. Defendants are also liable for any false or misleading forward-looking statements  
22 pleaded herein because, at the time each such statement was made, the speaker knew the  
23 statement was false or misleading and the statement was authorized and/or approved by an  
24 executive officer of Amazon who knew that the statement was false. None of the historic or  
25 present tense statements made by Defendants were assumptions underlying or relating to any  
26 plan, projection, or statement of future economic performance, as they were not stated to be such  
27 assumptions underlying or relating to any projection or statement of future economic

1 performance when made, nor were any of the projections or forecasts made by Defendants  
 2 expressly related to, or stated to be dependent on, those historic or present tense statements when  
 3 made.

4 **X. PRESUMPTION OF RELIANCE**

5 54. At all relevant times, the market for Amazon common stock was an efficient  
 6 market for the following reasons, among others:

- 7 (a) Amazon common stock met the requirements for listing, and was listed  
       and actively traded on NASDAQ, a highly efficient and automated  
       market;
- 10 (b) As a regulated issuer, Amazon filed periodic public reports with the SEC  
       and NASDAQ;
- 12 (c) Amazon regularly and publicly communicated with investors via  
       established market communication mechanisms, including through regular  
       disseminations of press releases on the national circuits of major newswire  
       services and through other wide-ranging public disclosures, such as  
       communications with the financial press and other similar reporting  
       services; and
- 18 (d) Amazon was followed by several securities analysts employed by major  
       brokerage firm(s) who wrote reports that were distributed to the sales  
       force and certain customers of their respective brokerage firm(s). Each of  
       these reports was publicly available and entered the public marketplace.

22 55. As a result of the foregoing, the market for Amazon common stock promptly  
 23 digested current information regarding Amazon from all publicly available sources and reflected  
 24 such information in the price of Amazon common stock. Under these circumstances, all  
 25 purchasers of Amazon common stock during the Class Period suffered similar injury through  
 26 their purchase of Amazon common stock at artificially inflated prices and the presumption of  
 27 reliance applies.

56. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court’s holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class’s claims are grounded on Defendants’ material omissions. Because this action involves Defendants’ failure to disclose material adverse information regarding Amazon’s business operations—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of adequate safeguards to protect users from harm caused by Amazon’s products, that requirement is satisfied here.

**COUNT I**

**For Violations of Section 10(b) of the Exchange Act and Rule 10b-5  
Against All Defendants**

57. Plaintiff repeats, incorporates, and realleges each and every allegation contained above as if fully set forth herein.

58. During the Class Period, Defendants carried out a plan, scheme, and course of conduct that was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Amazon common stock at artificially inflated prices.

59. Defendants: (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business that operated as a fraud and deceit upon the purchasers of the Company's common stock in an effort to maintain artificially high market prices for Amazon common stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5, promulgated thereunder.

60. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the Company's financial well-being, operations, and prospects.

61. During the Class Period, Defendants made the false statements specified above, which they knew or recklessly disregarded to be false and misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

62. Defendants had actual knowledge of the misrepresentations and omissions of material fact set forth herein, or recklessly disregarded the true facts that were available to them. Defendants engaged in this misconduct to conceal Amazon's true condition from the investing public and to support the artificially inflated prices of the Company's common stock.

63. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Amazon common stock. Plaintiff and the Class would not have purchased Amazon common stock at the prices they paid, or at all, had they been aware that the market prices for Amazon common stock had been artificially inflated by Defendants' fraudulent course of conduct.

64. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases of the Company's common stock during the Class Period.

65. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5, promulgated thereunder.

## COUNT II

**For Violations of Section 20(a) of the Exchange Act  
Against the Individual Defendants**

66. Plaintiff repeats, incorporates, and realleges each and every allegation contained above as if fully set forth herein.

67. The Individual Defendants acted as controlling persons of Amazon within the meaning of Section 20(a) of the Exchange Act. By virtue of their high-level positions, participation in and/or awareness of the Company's operations, direct involvement in the day-to-day operations of the Company, and/or intimate knowledge of the Company's actual performance, and their power to control public statements about Amazon, the Individual

Defendants had the power and ability to control the actions of Amazon and its employees. By reason of such conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

## **PRAYER FOR RELIEF**

68. WHEREFORE, Plaintiff prays for judgment as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including attorneys' fees and expert fees; and
- (d) Awarding such equitable/injunctive or other further relief as the Court may deem just and proper.

**JURY DEMAND**

69. Plaintiff demands a trial by jury.

## BYRNES KELLER CROMWELL LLP

By: /s/ Bradley S. Keller  
Bradley S. Keller, WSBA #10665

By: /s/ John A. Tondini  
John A. Tondini, WSBA #19092  
1000 Second Avenue, 38th Floor  
Seattle, Washington 98104  
Telephone: (206) 622-2000  
Facsimile: (206) 622-2522  
Email: [bkeller@byrneskeller.com](mailto:bkeller@byrneskeller.com)  
[jtondini@byrneskeller.com](mailto:jtondini@byrneskeller.com)

*Liaison Counsel for Plaintiff Asbestos Workers  
Philadelphia Welfare and Pension Fund*

1 -and-

2 **BERNSTEIN LITOWITZ BERGER**

3 **& GROSSMANN LLP**

4 Avi Josefson (to be admitted *Pro Hac Vice*)

5 avi@blbglaw.com

6 Adam Hollander (to be admitted *Pro Hac Vice*)

7 adam.hollander@blbglaw.com

8 Scott R. Foglietta (to be admitted *Pro Hac Vice*)

9 scott.foglietta@blbglaw.com

10 1251 Avenue of the Americas

11 New York, NY 10020

12 Telephone: (212) 554-1400

13 Fax: (212) 554-1444

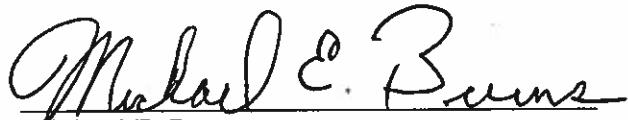
14 *Counsel for Plaintiff Asbestos Workers Welfare and*  
15 *Philadelphia Pension Fund*

**CERTIFICATION PURSUANT TO  
THE FEDERAL SECURITIES LAWS**

I, Michael E. Burns, on behalf of Asbestos Workers Philadelphia Welfare and Pension Fund (“Asbestos Workers”), hereby certify, as to the claims asserted under the federal securities laws, that:

1. I am the Administrator of Asbestos Workers. I have reviewed the complaint and authorize its filing.
2. Asbestos Workers did not purchase the securities that are the subject of this action at the direction of counsel or in order to participate in any action arising under the federal securities laws.
3. Asbestos Workers is willing to serve as a representative party on behalf of the Class, including providing testimony at deposition and trial, if necessary.
4. Asbestos Workers’ transactions in the Amazon.com Inc. securities that are the subject of this action are set forth in the chart attached hereto.
5. Asbestos Workers has not sought to serve as a lead plaintiff or representative party on behalf of a class in any action under the federal securities laws filed during the three-year period preceding the date of this Certification.
6. Asbestos Workers will not accept any payment for serving as a representative party on behalf of the Class beyond Asbestos Workers’ pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class, as ordered or approved by the Court.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 5th day of July, 2022.

  
\_\_\_\_\_  
Michael E. Burns  
Administrator  
*Asbestos Workers Philadelphia Welfare and  
Pension Fund*

**Asbestos Workers**  
**Transactions in Amazon.com Inc.**

<b><u>Transaction</u></b>	<b><u>Date</u></b>	<b><u>Shares</u></b>	<b><u>Price</u></b>
Purchase	9/13/2021	19	\$ 3,447.0105
Purchase	10/15/2021	115	\$ 3,379.2629
Purchase	10/26/2021	72	\$ 3,377.6707
Purchase	12/17/2021	34	\$ 3,388.3484
Purchase	3/22/2022	93	\$ 3,301.4682
Purchase	3/24/2022	51	\$ 3,235.7390
Purchase	4/7/2022	89	\$ 3,165.5292
Sale	8/25/2021	(98)	\$ 3,299.3555
Sale	11/19/2021	(45)	\$ 3,690.6782
Sale	11/24/2021	(57)	\$ 3,570.1292
Sale	2/14/2022	(24)	\$ 3,103.3400
Sale	3/21/2022	(37)	\$ 3,229.8300